Robert, C. R.

How to resume specie payment

[New York]

[1873]

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How to Resume Specie Payment.

FIRST.—Congress, immediately after organizing next December, to repeal all Acts authorizing the Secretary of the Treasury to sell gold, and direct him to keep all that is hereafter received that is not required to meet the coin obligations of the Government and for a reasonable balance.

The same Act should direct the Secretary to destroy all of the 44 Millions of Legal Tenders that have been redeemed, that are on hand, thus effectually settling all question as to these, and especially forbid the issue of another dollar of Government irredeemable paper money.

SECOND.—Congress, at the same time to repeal the Refunding Act, approved July 14, 1870, with all amendments, for which many reasons might be stated, but only a few of the most important will be named.

It gives the Secretary of the Treasury *enormous power, such as has never hitherto been granted to any financial officer in this Country, and, it is believed, by no other Constitutional Government.*

It gives him liberty to sell 1,500 millions of U. S. securities with no restriction, save that he must not accept less than par in gold—a provision the late incumbent contrived to evade.

The time is too short for the loan to be negotiated on the most favorable terms, and such frequent changes add greatly to the expense, by multiplying the commissions of bankers, who are strenuous advocates of the policy.

The risk also is materially increased, especially if the practice is continued of sending the Bonds abroad.

The Loan hereinafter proposed, could not be advantageously negotiated with such a mass of stock hanging over the market.

In a reasonable time after resumption, all the outstanding stocks of the Government could probably be converted into four per cents. payable in 20–30 years.

THIRD.—That Congress authorize the Secretary of the Treasury to borrow for the purpose of resumption, (*and for that purpose only*) 300

Millions of Dollars, for which Coupon Bonds or Certificates of inscribed stock shall be issued, stating on the face thereof that the Principal is payable after 30 years in gold, with Interest semi-annually also in gold, at the rate of per cent. per annum.

That as soon as practicable after approval of the Act authorizing the said Loan, the Secretary shall give public notice that he will receive sealed proposals for the whole or any part of the said loan, at not under par in gold. The said proposals to be opened at the Treasury Department, Washington, in public, ninety days after the first publication of the said notice, and awarded to the highest bidders, who have made a deposit of 5 per cent. on the amount of their respective bids.

To avoid disturbance of monetary affairs, the remaining 95 per cent. of the said Loan may, at the option of the takers, be paid in 12 to 24 equal monthly installments with an equitable adjustment of interest, for which installments the Secretary of the Treasury, if desired, shall issue the stock in the manner prescribed, reserving the first deposit of 5 per cent.

A Sinking Fund to be authorized by the said Act that will pay off the said Loan in 30 years or thereabouts.

The gold received for this stock to be kept inviolate, and when the accumulations in the Treasury amount to 250 millions, the Secretary to be directed to give public notice that Legal-tenders will be received in payment of duties on merchandise, and be paid on presentation.

That all officers of the Government receiving the said notes for duties, or redeeming the same, shall immediately so deface them as will effectually prevent their ever being re-issued, and forward them to the Department for destruction. In the monthly statements of the Public Debt, the amount of this Resumption Fund shall be stated, that the public may see the approach of the time when redemption of Legal-tenders will take place, and thereafter the amount redeemed and cancelled shall also appear.

Fourth.—Restore the duty on Tea, Coffee and Sugar until all the Legal-tenders are paid; a measure necessary to provide means for the Government, and pay the excess of the Greenbacks over and above the proposed Loan. After which the debt of the Country can all probably be funded at 4 per cent., saving about 30 millions annually, and then the duty on the above articles can be taken off.

Fifth.—The present Banking Law should be amended as follows, viz: that one or more residents of any city, town or village, con-

May 3, 1957

taining not less than 1,000 people, that can deposit in the Treasury Department $100,000 or over of U. S. stocks, shall receive circulating notes as follows: On six per cent. stocks 90% of the par value; on 5% stocks 87½%; on 4½% stocks 85% and on 4% stocks 82%.

It shall be imperative on all the Directors or Managers of all Associations or Banks applying for such notes, to make affidavit that the Bonds so deposited have been paid for out of the bona-fide capital of the proposed Bank, all actually paid in.

A further amendment should be made in the said Banking Law, requiring that all National Banks shall, on demand, redeem their circulating notes in coin or legal tenders at their counters, and prohibiting them from paying or allowing interest on deposits.

Neither shall any Bank loan its funds more than twenty miles from the place where located, to make interest, which provision, however, is not to prevent their purchasing Exchange or Drafts on other places.

If a Bank is needed in any place, it is for the business men of that place and immediate vicinity, and not for those a thousand miles away. The want of such a provision is one cause of the high rate of interest in the West and South, also of the plethora of money on the seaboard, followed by great stringency when Currency is needed to move crops.

Every Bank shall publish weekly in the newspaper nearest to it, a statement showing plainly all its liabilities and assets, clearly distinguishing all those of each that are payable on demand, and showing the reserve they have to meet them. It should be *mandatory* on the Comptroller of the Currency to inflict *all* the penalties of the Act *as soon as it is possible to ascertain that a violation has occurred*, for if the first deficiency in the legal reserves had, in all cases, been promptly punished, it is doubtful if the recent panic would have occurred.

These requirements of Banks, it may be said, are too stringent; but it must be remembered the right to issue circulating notes is a very valuable privilege, and those enjoying it must make the public secure, even if it diminishes their profits.

As thus amended, the Bank Act would meet the wishes of those who want more paper money, for if really required by the business of the country, the issue of it will be profitable, and there will be plenty of persons who will furnish it on the terms allowed.

The Act should be further amended so as to empower the Executive or Managing Committee of the New York Clearing House Association,

when in view of the state of the money market and the prospects thereof, to raise the rate of interest to be charged by all the National Banks, to 8, 9 and 10 % per annum, in not less than three weeks from the announcement of the first advance, as they may deem expedient. In one week after the highest rate above named is announced, if the demand for money continues, the said Committee may advance the rate to 11 %, and the Banks may encroach on their reserves not more than 5 %, and for each and every reduction of 5 % the said Committee shall add 1 % per annum to the previous rate of interest, until the Reserves begin to accumulate, when for each and every 5 % increase, the rate of interest shall be decreased 1 % until the full amount of Reserves is restored, when the rate of interest shall be again put at not over 7 %. All action of the said Committee shall be by not less than a two-third vote of all the members, and notice of such action shall be publicly announced in not less than two newspapers of the City of New York. Any of the Banks refusing to conform to the action of the said Committee in raising and lowering the rate of interest, shall not be permitted to draw on their Reserves.

That under the direction of the Managing Committee of the New York Clearing House there shall be established a "U. S. Assorting House," in the City of New York, the Director of which, with the necessary clerks shall be appointed by the said Committee, who shall fix the compensation of each; obtain a suitable room for the use of said Assorting House, and all other necessary appliances; fix on the mode of doing the business thereof, and of returning the bills of the several Banks for redemption.

The expenses of the establishing and supporting the said Assorting House to be paid by a tax of not over   per cent. on the capital of each National Bank, to meet which an equivalent reduction of the tax on Banks shall be made. All gold received by National Banks for interest on U. S. Stocks to be retained by them until cash payments are resumed.

No public money to be hereafter deposited in any Bank, but all to be in the custody of the Treasurer and Assistant Treasurers.

C. R. ROBERT.

New York,
October 27, 1873.

Reasons for Resuming Specie Payment.

First.—Good morals demand it. This is so evident, argument seems almost superfluous; for it is only common honesty for the Government to fulfil their solemn promises in this regard.

Nearly twelve years ago the first Act authorizing the issue of Legal Tenders was passed, soon followed by others, under which over four hundred millions of dollars were put in circulation, including the fractional currency, which, to state the case plainly, was and is a "*Forced Loan*" of unparalleled magnitude; but the exigencies of the war were such, the great majority of the people submitted cheerfully, fondly believing that when the struggle was over the Government, in good faith, would redeem these notes, instead of which nearly nine years have passed since the war closed, and not the first efficient effort has been made to pay these demand obligations, while almost an equal amount of debt, not due for several years, has been paid.

Any man of business who had thus treated his creditors, would be stigmatized as a rascal, and would not be countenanced by honest men.

All persons of observation know that our irredeemable Currency has been the chief cause of the prevalent demoralization, of which there have been so many striking illustrations recently in the various departments of business—some of these frauds have been so gigantic as to be characterized by Judges on the Bench as without precedent in history. Much more might be said under this head, but

Second.—Resumption is demanded by sound policy as well as good morals. They are indissolubly connected, and neither Governments, Corporations, or individuals can divorce them with impunity, for only those plans of finance that are based on strict integrity will stand.

The idea has prevailed extensively since the war closed, that the Banks could not fail on paper money. This idea was combatted by some persons of large experience, who confidently affirmed there was great danger; and their averments were confirmed by the fact that several times the reserves of the Banks of this City were less than the sum required by law, and two or three times these Institutions were on

the verge of what occurred last September, when they all broke, showing clearly that an irredeemable currency is exceedingly dangerous.

The history of suspension in Great Britain demonstrates the same thing, for from 1797, when the Bank of England ceased to redeem its notes in coin, till 1816, not 20 years, there were three or four financial revulsions, more or less severe, culminating in a most terrible one in 1815–1816.

As in all the countries with whom we have commercial relations the value of commodities is measured by gold, we do business to great disadvantage, for an importer or a dealer can never tell what his goods will cost him, owing to the fluctuations of our currency. This is the main, if not the only cause, of the business of the country having been so unsatisfactory for eight or nine years past.

So great has been the uncertainty, prudent men of means have been afraid to engage in large transactions; and the consequence has been that nearly all departments of business have become in a large measure speculative.

Here again we have a parallel in the history of Great Britain. There was no good business done there till after the Bank resumed in May, 1821, soon after which it began to revive, and in 1823 became very prosperous, and so continued till the latter part of 1825, when the wild and gigantic speculations of that year (unprecedented save in the South Sea Bubble about a century before), culminated in one of the most terrible panics ever known.

Those who so persistently cry out for more irredeemable paper, do not consider the logic of facts bearing on the question. They either do not know, or they ignore the teaching of history in this regard, advocating errors which were exploded centuries before they were born.

In the early part of the reign of Henry the 8th, some 350 years ago, the coin was debased about 25 per cent., and at the close of his reign the debasement reached one-half, and in the time of Edward the 6th, the coin contained only one-fourth of pure silver, and nearly all the unadulterated had left the country.

Notwithstanding severe sumptuary laws, prices continued to advance, and the cry of the Crown Ministers, (imitated by our recent and present chief financial officer,) with their friends and many others, was for further debasement as a sovereign panacea for the evils then endured; and our inflationists had their blatant predecessors in Parliament asserting

that anything the Government stamped was money, even leather. It is perhaps worthy of note in passing, that our stealers of public money had their representatives also in those days, and then, as now, were one cause of the Government wanting money.

Leaving these ancient precedents let us come down to modern times within a little over half a century, when essentially the same theories were put forth in England that have been often heard here, and so frequently ventilated in Congress. As a sample of which, a member of the House of Commons gravely affirmed in his place, that if the Government so declared, the people would take even tallow candles for money, if they would not melt in their pockets. When Peel's Bill was introduced into the House of Commons, for the resumption of specie payments, it encountered great opposition, even his own father heading a petition against it.—See Article on Resumption in Great Britain attached.

Providence seems to have ordained that gold and silver shall be the standard by which the value of all other kinds of property shall be ascertained. In all ages and in all countries, those having gold and silver could obtain whatever was produced in any part of the world, and every attempt by us to substitute any currency not redeemable on demand in the precious metals, will result, sooner or later, disastrously, as is proved by the Continental money after the War of Independence, and the Assignats of the French Revolution, of which nearly 3,800 millions of Francs were issued, (about 800 millions of Dollars) and though based on the confiscated property of the Church, the loss was total, absorbing most of the active capital of France at that time, and causing terrible suffering. Other examples might be given, for the effort to make good money out of nothing has been attempted many times in this world of ours, and always attended with terrible evils.

Any attempt therefore to pay or retire the Legal-Tenders by bonds or compound interest notes will prove highly disastrous. The Government could have retired them long ago by giving bonds drawing 5% interest; but as the Bank reserves are required to be kept in these notes, if they were thus retired, it would be impossible to maintain those reserves, and cause utter ruin, as shown by the effects of calling in the 44 millions a few years ago.

The substitution of compound interest notes would produce a like result, though more gradual, for it would take time for the interest to accumulate so as to prevent their being paid out.

Above all this, would be the withdrawal of such a mass of currency without any substitute.

When sufficient coin is collected to insure the payment of these notes, the whole 400 millions would be at par immediately, and there would be no diminution of the volume of currency, for coin would take the place, avoiding an excessive contraction of loans, which is very essential to prevent disturbing the business of the country.

No difficulty is to be apprehended from either of the above causes, but there are two other questions not so easy of solution.

First, as to negotiating the proposed loan at a reasonable rate of interest, which is not very material with the object to be accomplished, though it is believed that on so long a time the money can be had at $4\frac{1}{2}$ %, for it is certainly preferable to the 5 % stocks now being taken, which can be paid, if the Government please, in about eight years, though it is to be followed by 200 millions at the same rate, and 1,000 million more of $4\frac{1}{2}$ and 4% hanging over the market. With these all out of the way, as proposed, it is reasonable to suppose that when English 3 % Consols are at about 92, U. S. Securities, having 30 years to run, can be negotiated at $4\frac{1}{2}$ %.

Long time in a Government Stock is an element much prized by a large class of investors, and there is reason to believe several of our Savings Banks would take a part of it, and probably some of the National Banks would also take a portion to deposite for their circulation instead of the Bonds now pledged.

Second. The effect in this country and in Europe of accumulating 250 million of coin in the Sub-Treasury at New York is not so easily determined, though it is believed that if the monthly payments in coin were reduced to $12\frac{1}{2}$ millions of dollars, no serious consequence would ensue on either side of the Atlantic.

The first influence here, no doubt, would be to advance gold and check imports, which it is concluded would be temporary, for as soon as coin accumulated to the amount of 40 or 50 millions, all would see resumption gradually approaching, causing all hoarders to sell their coin. The reflex influence from the other side would probably be the greatest, stopping for a time all negotiations of American Railroad Bonds, &c., but as soon as capitalists there saw we were earnestly bent on resumption, they would be more willing to take our securities.

Admitting, however, that Imports would be materially checked by the rise in gold, and our Bonds, &c., rendered unsaleable abroad, are

these unmitigated evils? Would the condition of the country be essentially impaired if we imported comparatively little and did not send a single Bond to Europe for twelve months?

Some years ago the gold in the Sub-Treasury amounted to 125 to 130 Millions, and there was no complaint, therefore it is unreasonable to think the proposed sum would cause material trouble, for it is only about 8% of the probable amount of the precious metals in the world, for in 1870 an able statistician estimated it at 2,800 millions of dollars.

It is not claimed by the plan proposed that it can be carried out without any sacrifice, for it appears to be one of the decrees of Providence that nothing good, either moral or secular, can be obtained without the endurance of some sacrifices, and any plan ignoring this fact, so prominent in all history, will prove worthless.

Sufferers from diseases often have to take bitter medicines, or submit to extremely painful operations to save life, while those who potter with palliatives go to their graves.

A great end is to be attained, and the question is, whether we will submit to the necessary sacrifice now, and in a year or so have the business of the country on a sure and prosperous basis, or adopt the nostrums of financial quacks, and, after years of inactivity and loss, have to do substantially what is now suggested, at far greater sacrifices. Objections will no doubt be raised, as there can be against all human plans.

Probably many expansionists will say the paper currency of England, though redeemable in coin, has not prevented panics. It is true that from 1825 to 1836 inclusive, there have been five financial revulsions. In the first the bank was saved by the accidental discovery of a box of one pound notes. In the second, the Bank of France indirectly lent them two millions sterling in coin. In the three last the Privy Council authorized the issue of bank notes beyond the amount of bullion required by the Bank charter.

To these averments of the expansionists it is replied, there were nearly as many panics in the 20 years of suspension as there were in not quite 50 of coin payments. And what is of far more importance, during this latter period the country in all branches of industry advanced greatly, and with increased rapidity the last 30 years.

In this country it took a few years to recover from the effects of suspension in 1837: but from 1842 to 1861, when the Rebellion broke

out, business of all kinds was prosperous with the exception of the panic of 1857, which was mainly caused by over-trading in stocks, and the effects were temporary.

All know the uncertain speculative character of every kind of business since suspension in 1862.

The financial history of Great Britain and the United States prove clearly the advantages of a currency redeemable on demand in gold. Let us therefore take experience for a guide, and not theorists.

It is admitted there have been financial revulsions also in this country with a redeemable currency, but during the not quite 12 years of suspension, three or four times the banks have been on the verge of breaking, and within the last four years there have been two panics, the last of unparalleled violence, ruining thousands.

Probably nothing can be devised by man that will always prevent over-trading and speculation, with the evil consequences inevitably flowing from them; but the question is, whether these evils resulting from irredeemable paper, do not transcend by many fold any difficulties that may arise with a currency payable on demand in gold.

The evils with the former are legion, and in times of pressure there is no relief, for the amount is limited by law; but, with the latter, help will come from abroad, for scarcity of money will cause all kinds of property to fall, and, if our circulating medium is the same as that of other countries, gold will soon flow in.

It is now time to turn to the proposed amendment of the National Banking Law. That, allowing all to bank who comply with the conditions stated, will meet the views of those who think more currency is needed; and making them redeem at their place of business, in connection with the Assorting House, will cause them to be prudent in managing their business.

Limiting their discounts within geographical limits will prevent their discounting the notes of parties living in the large cities at high rates of interest, and not accommodating the business men for whom the Institution was ostensibly established.

It has been for some years common for note brokers on the seaboard to send weekly lists of notes to the officers of Banks in the interior, which they offer at high rates, thus tempting them to use the capital much needed at home; and it is believed when money is in great demand in Wall Street, officers of Banks, hundreds of miles away, are on hand, lending at exorbitant rates.

Empowering the N. Y. Clearing House Committee to raise the rate of interest and encroach on the reserves, in times of great peril, is designed to guard against panics.

Advancing the rate will be a note of warning to all engaged in business to be on their guard against the apprehended approach of monetary trouble, which, if it comes, the knowledge that *money can be had at some price* will tend powerfully to prevent panics, which are caused by persons having obligations outstanding, rushing to get supplied, lest the reservoir will not hold out. The high price of money makes low prices and draws it from other quarters to buy property cheap. This was strikingly illustrated by the action of the Bank of England a few months since. To some it may seem an enormous power to give any set of men. It is not denied, but if we wish to guard as far as practicable against monetary convulsions, such, or like power must be lodged somewhere, and it is confidently believed the persons named will exercise it as wisely as any that can be found. Their reputation for financial capacity will be at stake, and being sensible that the eye of every business man in the whole country is upon them, they will be careful to use their great power discreetly.

The Managers of the Bank of England have never been authorized by Parliament to raise the rate of interest, and they have been often divided in opinion as to whether any obligation rests on them to look after the public interest in this regard, more than on any other Institution; but for years they have been compelled, by a care for their own interest, to act when trouble was approaching.

And their policy for some time has been to allow borrowers with good securities, to understand they can always have money at a price.

The Assorting House is merely designed to make all National Banks redeem at their own counters, relieving them from keeping deposits for that purpose elsewhere, for it is not deemed just to require redemption at two places.

Depositing Public Money in State Banks was tried when it was removed from the Bank of the U. S. in 1834 to the "Pet Banks," as they were then termed.

This step led to the vast increase of loans and speculations of 1835-6, and collapse of 1837, resulting in wide-spread ruin—the loss of millions by the Government, followed by the establishment of the Sub-Treasury, of which Benton was the father, and though much objected to at first, has worked well, and it is not wise to change it.

Reserves. These to many Bank officers will seem large, but they must be if a stable currency is wanted and financial crisis avoided.

The question is simply whether these evils shall be thoroughly guarded against by a strong reserve, or whether a weak one is provided and every five or ten years have the business of the whole country for a time nearly destroyed.

Some recent writers of ability in London, are evidently dissatisfied with the financial condition and prospect of Great Britain, apparently favoring larger reserves in their banking institutions.

Looking at their statements it is not an unwarrantable inference that the chief cause of the panics that have occurred there within the last 50 years has been small reserves.

There are large numbers, when resumption is spoken of, that point to England, as showing what awful disasters followed it there in 1821.

This is a great mistake, as can be seen by reference to the accompanying brief account of Suspension and Resumption in England, taken from Francis' History of that institution, which is considered high authority.

SUSPENSION AND RESUMPTION IN ENGLAND, 1797-1821.

In the *Atlantic Monthly* for May, page 608, appears the following paragraph: "There is for our instruction the experience of Great Britain in restoring specie payment after a lesser depreciation. It tells of contraction and appreciation, and their consequences,—monetary pressure and wide-spread mercantile ruin. At the last the small remaining margin between paper and gold was overcome by beginning payment, in large sums only, in ingots, somewhat raised in value. An attempt to force specie payment, before contraction had appreciated the notes to par, proved diastrous. But America is such a surprising country that no experience serves her."

This is so contrary to the facts, as recorded by Francis in his History of the Bank of England, we deem it will be useful to correct the error, as far as in our power, especially as it prevails quite extensively in this country, affecting unfavorably the public mind as to resumption.

The Privy Council authorized the Bank of England to suspend paying coin in February, 1797, which authority was confirmed by Parliament, and renewed at various times, until they resumed in 1821.

It is interesting and instructive to trace the striking analogy between

suspension in that country and our own. Many illustrations might be given, but few must suffice as specimens of the others. When the bank suspended there were 200 country banks. In 1809 there were 702 licenses granted, and a little later there were over 1,000 such institutions, against twice that number in this country, as the result of suspension.

There were the same efforts by individuals to enforce the payment of rents, &c., in gold, but Parliament interposed, as our Supreme Court has done in similar cases. There were the same enormous bank dividends, and the same cry against all attempts at resumption, as is common with us. Our sapient Congressional financiers had predecessors in the House of Commons; for a resolution, introduced by Mr. Vansittart, was passed, to the effect that "the price of gold had advanced, but that the value of bank notes had not depreciated." Like utterances were made by men in high positions nearly 300 years before, in the reign of Edward VI., when the coin was so debased as to contain only one-fourth of good silver.

Business went on smoothly for ten or eleven years; but in 1808-'09 there was a severe revulsion, 1811-'12 another, with a third in 1815, after the peace, causing the sudden fall of nearly all kinds of merchandise and other property 40 to 70 per cent, occasioning over 5,000 bankruptcies, "the number of stoppages and compositions being probably in proportion."

All these difficulties, it must be kept in mind, occurred before the *first attempt* was made to resume, which did not occur until May, 1817, when the bank issued notice that all £1 and £2 notes, dated prior to Jan. 1, 1816, would be redeemed. Few were presented, which encouraged the Managers so much that in the following October they announced they would redeem all notes prior to Jan. 1, 1817, when the bullion brokers took over £5,000,000, sending it to the Continent, so alarming the Directors that on the "report of Mr. Peel the House passed a bill in two nights restraining the Bank from paying the notes alluded to."

Nobody was harmed by the effort. In 1817 coin was so abundant that, when a country banker took one thousand guineas to his London banker, "the latter begged as a favor that the gold might not be left, as he had sent so much to the bank, he did not like to trouble the establishment with any more."

No further attempt at resumption was made until early in 1819,

when Mr. Peel (afterwards Sir Robert) brought forward the bill, which, with the amendments of subsequent renewals, forms the present Bank Act. This memorable bill provided for cash payments on what may be termed a sliding scale, for two years or over, with the option of paying in full after May, 1822; and making it imperative to do so in May, 1823.

Sir Robert Peel, the father of Mr. Peel, presented a petition of the merchants of London, protesting against the passage of the bill, affirming they were the best judges on so important a point, the Baronet saying also that "the head and heart of his relative were in their right places, and that though he had deviated from the path of propriety in this instance, he would soon be restored to it."

"The Currency Bill of Mr. Peel allowed them the option of paying "in gold coin on and after the 1st of May, 1822. Anxious, however, "to meet the spirit of the Act, which required a return to a metallic "currency whenever it should be safe to all interests, the Directors "commenced paying on the 1st of May, 1821," and Francis remarks: "It is a curious fact that, a few weeks before, a writer, who possessed "considerable weight with the public, confidently affirmed that the "carrying out of the measure which prescribed the bank to pay the "bullion at mint prices* on the 1st of May, 1822, would be attended "with most unfortunate circumstances to the country. His assertion, "for the fulfillment of which he offered to stake his life, had not long "been made known, when the bank came forward, begging that "they might be permitted to anticipate by a year the term fixed on "for their payment in coin."

Accordingly the bank resumed in full in May, 1821, two years before the Act of Parliament required, and there is no record of *pressure of*

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* This memorable bill provides that, from the 1st of February to the 1st of October, the bank shall deliver, on demand, gold of standard fineness, not less than sixty ounces, in exchange for bank-notes, at £4 1s. per ounce. From the 1st of October, 1820, to the 1st of October, 1821, the same plan to be adopted; but the gold to be at the rate of £3 19s 6d per ounce. From the 1st of May, 1821, to the 1st of May, 1823, the mint price of gold of £3 17s 10½d per ounce to be the rate with the adoption of the same plan; and from the 1st of May, 1823, the notes to be paid in the gold coin of the Empire, if required. Between the 1st of February, and the 1st of October, 1820, the banks were empowered to deliver gold at any rate between £4 10s and £3 19s 6d per ounce; and from the 1st of October, 1820, to May 1, 1821, they were also allowed to do the same at any rate between £3 19s 6d and £3 16s 10½d, in ingots or bars of gold weighing sixty ounces. They were permitted, also, the option of paying in specie on or after the 1st of May, 1822.

This is equivalent to the U. S. Government saying that, beginning with 1875, they would pay the Greenbacks at 90c. on the dollar until January, 1876, when they would redeem them at 95 until Jan., 1879, and after that at par.

money-panic or disaster of any kind until four years and a half ha passed, when the terrible convulsion of 1825 culminated in the ruin of thousands during the last months of that year. Some idea of the wild speculations of that period may be gathered from the fact that in one year 522 companies were chartered, with a nominal capital of £441,000,000 sterling, for almost all conceivable purposes. Generally, only 10 per cent. was paid in, the advance on which was from six to twenty-fold. The folly of the proposals, magnitude of the schemes, and mania of speculation had their parallel, only a little over one hundred years before, in Blount's "South Sea Bubble," and Law's "Mississippi Scheme."

A full report of the chief financial events of England for the time under review will be found in the works above named (pages 121–210), from which it appears there was a terrible crisis six years *before*, and another four and a half years *after* resumption; but nothing whatever is said of its causing the "monetary pressure and wide-spread mercantile ruin" named in the above quotation from the *Atlantic Monthly*.

In a foot-note, Francis gives a quotation from Allison's History of England, in which it is stated the prediction of disaster in the petition presented to Parliament on the debate in 1819, by the managers of the Bank of England and others, proved correct; but as Allison is not renowned for his accuracy in other matters, he cannot be taken as conclusive authority in this, especially as the bank resumed two years before required by law, and it is just to conclude they would not have done so if such distress had existed; and furthermore, Francis would not have omitted in his text a fact of such historical importance.

The history of those times shows conclusively the great perils of suspension and safety of resumption. In eight years (1808–'16) there were three or four financial and commercial convulsions; and how many panics have we had within a similar period since the close of the war in 1865? We have been sitting on a volcano. The rumbling has been several times heard and the smoke seen, and recently an awful eruption took place, overwhelming very many.

C. R. ROBERT.

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TITLE